

Message Text

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44

ACTION EUR-12

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 7720

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

AMCONSUL OPORTO

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E.O. 11652: N/A

TAGS: PINT,PO

SUBJECT: POLITICAL DEVELOPMENTS: OTELO OFFERS ADVICE TO COMMUNISTS

REF: LISBON 4449 (DTG 011646Z JUL 76)

SUMMARY: OTELO HAS REITERATED HIS OFFER OF ALLIANCE TO THE COMMUNISTS, PROVIDED THEY REJECT "REFORMISM" AND FOLLOW OTELO'S REVOLUTIONARY LEADERSHIP. OTELO DOES NOT BELIEVE EITHER THE SOCIALISTS OR EANES WILL BE ABLE TO DEAL WITH ECONOMIC PROBLEMS WITHOUT RESORT TO REPRESSION. NO DECISION HAS BEEN MADE ON THE DATE FOR THE INAUGURATION OF PRESIDENT-ELECT EANES.
END SUMMARY.

1. OTELO MAGNANIMOUS IN VICTORY: HIGHLIGHTS OF A WIDE-RANGING

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AP INTERVIEW OF FAR-LEFT LEADER MAJ OTELO SARAIVA DE CARVALHO

PUBLISHED LOCALLY JULY 3 INCLUDED:

-- ALLIANCE WITH PCP: OTELO SAID HE WOULD ALWAYS BE PREPARED TO ACCEPT AN ALLIANCE WITH THE COMMUNISTS. BUT THE PCP MUST MAKE A BASIC CHOICE: IT CAN OPT FOR A REVOLUTIONARY COURSE OR IT CAN CONTINUE ITS POLICY OF "PERMANENT CONCILIATION AND REFORMISM".

-- PCP A SLOW LEARNER: THE ELECTION RESULTS SHOULD BE A LESSON FOR THE COMMUNISTS. MORE THAN HALF THE PCP ELECTORATE OPTED FOR A REVOLUTIONARY COURSE. BUT THE PCP LEADERSHIP DOES NOT SEEM TO HAVE LEARNED ANYTHING; PATO RECENTLY TOLD THE PRESS THAT THE PCP WAS RIGHT AND THAT THE MASSES WERE THE ONES WHO SHOULD ENGAGE IN SELF-CRITICISM.

-- PS GOVERNMENT: THE NEXT SIX MONTHS WILL GIVE A CLEAR IDEA OF THE FUTURE OF THE COUNTRY. THE SOCIALISTS ARE UNLIKELY TO BE ABLE TO OVERCOME THE ECONOMIC CRISIS WITHOUT RESORT TO REPRESSION.

-- PRESIDENT EANES: EANES WILL FIND IT DIFFICULT TO LEAD BECAUSE HE DOES NOT HAVE THE CONFIDENCE OF THE MASSES, AT LEAST IN THOSE AREAS WHERE THEY ARE MOST POLITICIZED.

-- ECONOMIC PROGRAM: SACRIFICES WILL BE REQUIRED TO PROMOTE ECONOMIC RECOVERY. NECESSARY STEPS INCLUDE:

(A) A SUBSTANTIAL REDUCTION IN IMPORTS;

(B) INCREASED EXPORTS;

(C) STEPPED-UP PRODUCTION;

(D) IMPROVED PRODUCTIVITY.

BUT THE IMPOSITION OF SUCH SACRIFICES WILL ONLY BE POSSIBLE IN A CLIMATE OF MUTUAL CONFIDENCE BETWEEN WORKERS AND MANAGERS.

2. PRESIDENTIAL INAUGURATION: THERE IS STILL NO DECISION ON THE INAUGURATION DATE. THE LATEST HITCH IS A DISAGREEMENT BETWEEN THE PUBLIC ADMINISTRATION TECHNICAL SECRETARIAT (STAP) AND THE NATIONAL ELECTIONS COMMISSION (CNE). AT ISSUE IS WHAT CONSTITUTES "OFFICIAL PUBLICATION" OF THE ELECTION RESULTS. THE INAUGURATION TAKES PLACE ON THE EIGHTH DAY FOLLOWING OFFICIAL PUBLICATION. UNDER THE FORMULA FAVORED BY STAP, EANES COULD TAKE OFFICE AS EARLY AS JULY 13 -- JULY 16 IF THERE ARE CHALLENGES. THE CNE FORMULA WOULD REQUIRE ADDITIONAL STEPS, PUSHING THE DATE BACK PERHAPS A WEEK OR MORE. NO DECISION HAS BEEN REACHED REGARDING DATES OR INVITATIONS TO OFFICIAL DELEGATIONS. WE REMAIN IN TOUCH WITH GOP AUTHORITIES.

3. SOARES SILENT ON CABINET: AMID RISING SPECULATION, LIMITED OFFICIAL USE

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SOCIALIST LEADER SOARES CONTINUES TO REFUSE ALL COMMENT ON THE COMPOSITION OF HIS CABINET. SOARES HAS INSISTED UPON AND RECEIVED A FREE HAND FROM HIS PARTY IN MAKING THE SELECTIONS. CARLUCCI

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